MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

Quarterly report on consolidated results for the second financial quarter ended 30 June 2021

The figures have not been audited

I(A) CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	**CURRENT QUARTER ENDED 30.06.2021 RM'000**	**COMPARATIVE QUARTER ENDED 30.06.2020 RM'000**	**6 MONTHS CUMULATIVE TO 30.06.2021 RM'000**	**6 MONTHS CUMULATIVE TO 30.06.2020 RM'000**
Revenue		**261,687**	91,024	**485,197**	252,453
Operating expenses		**(222,236)**	(134,097)	**(445,140)**	(310,576)
Other operating income		**16,155**	24,076	**56,510**	44,923
Profit/(Loss) from operations		**55,606**	(18,997)	**96,567**	(13,200)
Finance costs		**(16,565)**	(17,349)	**(33,276)**	(35,365)
Share of (loss)/profit of associates		**(1,078)**	(4,805)	**3,750**	(4,802)
Share of profit/(loss) of joint ventures		**1,149**	(5,088)	**2,115**	(11,107)
Profit/(Loss) before tax	*B5*	**39,112**	(46,239)	**69,156**	(64,474)
Tax (expense)/benefit	*B6*	**(8,092)**	9,439	**(12,529)**	17,307
Profit/(Loss) for the period		**31,020**	(36,800)	**56,627**	(47,167)
Attributable to:					
Owners of the Company		**30,897**	(37,064)	**56,551**	(47,713)
Non-controlling interests		**123**	264	**76**	546
Profit/(Loss) for the period		**31,020**	(36,800)	**56,627**	(47,167)
Earnings/(Loss) per share (sen):-					
- Basic/Diluted	*B11*	**9.72**	(11.61)	**17.75**	(14.94)

(The Condensed Consolidated Profit or Loss should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

I(B) CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	CURRENT QUARTER ENDED 30.06.2021	COMPARATIVE QUARTER ENDED 30.06.2020	6 MONTHS CUMULATIVE TO 30.06.2021	6 MONTHS CUMULATIVE TO 30.06.2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	**31,020**	(36,800)	**56,627**	(47,167)
Foreign currency translation differences for foreign operations	**(29,870)**	198,837	**8,633**	36,980
Net change in fair value of equity instruments designated at FVOCI	**7,580**	(33,071)	**58,711**	(45,994)
Share of other comprehensive income of associates	**12**	-	**12**	302
Other comprehensive (expense)/income for the period, net of tax	**(22,278)**	165,766	**67,356**	(8,712)
Total comprehensive income/(expense) for the period	**8,742**	128,966	**123,983**	(55,879)
Attributable to:				
Owners of the Company	**8,649**	128,702	**121,500**	(55,907)
Non-controlling interests	**93**	264	**2,483**	28
Total comprehensive income/(expense) for the period	**8,742**	128,966	**123,983**	(55,879)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD
Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	*A10*	**1,522,073**	1,123,445
Right-of-use assets		**13,958**	14,269
Investment properties		**893,080**	1,199,693
Investment in associates		**132,072**	119,043
Investment in joint ventures		**57,664**	55,530
Investment securities		**649,362**	575,784
Other investments		**5,086**	5,086
Goodwill		**2,131**	2,129
Inventories		**667,873**	603,341
Trade and other receivables		**15,597**	44,588
Other non-current assets		**14,428**	14,430
		3,973,324	3,757,338
Current assets			
Inventories		**724,579**	806,135
Trade and other receivables		**267,644**	230,490
Other current assets		**35,198**	19,496
Investment securities		**166,000**	161,200
Income tax recoverable		**20,439**	15,505
Cash and cash equivalents		**222,530**	296,566
		1,436,390	1,529,392
Assets classified as held for sale		**-**	79,839
		1,436,390	1,609,231
TOTAL ASSETS		**5,409,714**	5,366,569

MULPHA INTERNATIONAL BHD
Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

II CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 31.12.2020 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**2,036,698**	2,036,698
Treasury shares	*A6*	**(6,126)**	-
Reserves		**192,615**	127,417
Retained earnings		**867,459**	810,908
		3,090,646	2,975,023
Non-controlling interests		**24,757**	22,761
Total equity		**3,115,403**	2,997,784
Non-current liabilities			
Trade and other payables		**7,453**	6,828
Contract liabilities		**15,405**	16,017
Provision for liabilities		**8,589**	6,911
Deferred tax liabilities		**73,237**	60,007
Loans and borrowings	*B8*	**919,979**	468,323
Lease liabilities		**47,294**	47,909
		1,071,957	605,995
Current liabilities			
Trade and other payables		**154,898**	176,834
Contract liabilities		**47,519**	43,345
Provision for liabilities		**24,236**	26,820
Loans and borrowings	*B8*	**987,217**	1,506,850
Lease liabilities		**3,455**	3,490
Current tax liabilities		**5,029**	5,451
		1,222,354	1,762,790
Total liabilities		**2,294,311**	2,368,785
TOTAL EQUITY AND LIABILITIES		**5,409,714**	5,366,569
Net assets per share (RM)		9.78	9.31

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

III CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	< --- *Attributable to owners of the Company* --- >								
	< --- *Non-distributable* --->					*Distributable*			
	Share Capital	**Exchange Reserve**	**Revaluation Reserve**	**Other Reserve**	**Treasury Shares**	**Retained Earnings**	**Total**	**Non-Controlling Interests**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2021	2,036,698	78,283	68,545	(19,411)	-	810,908	2,975,023	22,761	2,997,784
Foreign currency translation differences for foreign operations	-	8,510	-	-	-	-	8,510	123	8,633
Net change in fair value of equity instruments designated at FVOCI	-	-	-	56,427	-	-	56,427	2,284	58,711
Share of other comprehensive expense of associates	-	12	-	-	-	-	12	-	12
Total other comprehensive income for the period	-	8,522	-	56,427	-	-	64,949	2,407	67,356
Profit for the period	-	-	-	-	-	56,551	56,551	76	56,627
Total comprehensive income for the period	-	8,522	-	56,427	-	56,551	121,500	2,483	123,983
Purchase of treasury shares	-	-	-	-	(6,126)	-	(6,126)	-	(6,126)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(487)	(487)
Total transactions with owners of the Company	-	-	-	-	(6,126)	-	(6,126)	(487)	(6,613)
Share of other reserve of associates	-	-	-	249	-	-	249	-	249
At 30 June 2021	**2,036,698**	**86,805**	**68,545**	**37,265**	**(6,126)**	**867,459**	**3,090,646**	**24,757**	**3,115,403**
At 1 January 2020	2,037,459	(100,663)	68,545	(4,258)	(318)	868,946	2,869,711	20,898	2,890,609
Foreign currency translation differences for foreign operations	-	37,496	-	-	-	-	37,496	(516)	36,980
Net change in fair value of equity instruments designated at FVOCI	-	-	-	(44,205)	-	-	(44,205)	(1,789)	(45,994)
Share of other comprehensive income of associates	-	302	-	-	-	-	302	-	302
Total other comprehensive income/(expense) for the period	-	37,798	-	(44,205)	-	-	(6,407)	(2,305)	(8,712)
(Loss)/Profit for the period	-	-	-	-	-	(47,713)	(47,713)	546	(47,167)
Total comprehensive income/(expense) for the period	-	37,798	-	(44,205)	-	(47,713)	(54,120)	(1,759)	(55,879)
At 30 June 2020	**2,037,459**	**(62,865)**	**68,545**	**(48,463)**	**(318)**	**821,233**	**2,815,591**	**19,139**	**2,834,730**

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<---6 MONTHS ENDED--> 30.06.2021 RM'000	30.06.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		69,156	(64,474)
Adjustments for non-cash items:			
Amortisation on other non-current assets		1,627	1,629
Bad debts written off		-	2
Change in fair value of investment properties		529	536
Dividend income		-	(25)
Fair value gain on assets classified as held for sale		(1,001)	-
Fair value (gain)/loss on financial assets at fair value through profit or loss		(1,525)	1,069
Impairment loss on trade and other receivables		729	2,112
Interest income		(13,052)	(12,589)
Interest expense		33,276	35,365
Inventories written down		78	21
Investment properties written off		-	48
Net unrealised foreign exchange loss/(gain)		3	(5)
Property, plant and equipment:			
- Depreciation		28,572	29,867
- Loss on disposal		34	-
- Written off		-	62
Provision for staff benefits		13,067	10,465
Reversal of provision for repairs		-	(15)
Right-of-use assets:			
- Depreciation		1,762	1,771
- Gain on disposal		(26)	-
Share of (profit)/loss of associates		(3,750)	4,802
Share of (profit)/loss of joint ventures		(2,115)	11,107
Operating profit before changes in working capital		127,364	21,748
Changes in working capital			
Contract assets		-	492
Contract liabilities		2,641	(2,364)
Inventories		1,051	(93,321)
Other current assets		(15,764)	7,391
Other non-current assets		(1,531)	(277)
Other non-current liabilities		588	1,262
Payables		(25,343)	(29,667)
Receivables		(12,409)	173,883
Net change in working capital		(50,767)	57,399

MULPHA INTERNATIONAL BHD

Registration No. 197401002704 (19764-T)

PART A1 : QUARTERLY REPORT

IV <u>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</u>

	Note	<---6 MONTHS ENDED--> 30.06.2021	30.06.2020
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)			
Cash generated from operations		76,597	79,147
Interest paid		(33,275)	(35,368)
Interest received		11,486	9,038
Income tax paid		(4,836)	(61,493)
Staff benefits paid		(12,675)	(21,450)
Net cash from/(used in) operating activities		37,297	(30,126)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional investment in a joint venture		(4)	-
Additional investment in an associate		(5,594)	-
Acquisition of property, plant and equipment		(83,284)	(32,731)
Acquisition of investment securities		(5,461)	-
Capital expenditure of investment properties		(3,728)	(17,147)
Dividend received from investment securities		-	25
Dividend received from associates and joint ventures		315	838
Government investment grants received		-	9,755
Proceeds from disposal of:			
- Assets classified as held for sale		82,385	-
- Property, plant and equipment		37	-
Net cash used in investing activities		(15,334)	(39,260)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to non-controlling interests of subsidiaries		(487)	(534)
Payment of lease liabilities		(1,986)	(2,103)
(Placement)/Withdrawal of pledged deposits		(7,259)	14,736
Purchase of treasury shares		(6,126)	-
Net repayment of borrowings		(87,340)	(39,153)
Net cash used in financing activities		(103,198)	(27,054)

MULPHA INTERNATIONAL BHD

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PART A1 : QUARTERLY REPORT

IV CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		<---6 MONTHS ENDED-->	
	Note	**30.06.2021**	**30.06.2020**
		RM'000	**RM'000**
NET DECREASE IN CASH AND CASH EQUIVALENTS		(81,235)	(96,440)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		259,360	318,310
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		1,175	2,542
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	**Note A**	179,300	224,412

Note A

Included in cash and cash equivalents as at 30 June are the following:

- Cash and deposits with licensed banks	222,530	247,686
- Bank overdrafts	(1,831)	(5,497)
- Pledge bank balances and deposits	(41,399)	(17,777)
	179,300	224,412

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)

PART A

Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2020.

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2020 except for the adoption of the following:

- Amendments to MFRS 16, Leases - Covid-19-Related Rent Concessions
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2

The adoption of the above Amendments to MFRSs did not have any material impact on the financial statements of the Group.

As at the date of authorisation of this Condensed Report, the following Standards and amendments to Standards have been issued by the MASB but are not yet effective.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendments to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018−2020)
- Amendments to MFRS 116, Property, Plant and Equipment − Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies

A1. Basis of Preparation (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023 (Cont'd)

- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors -Definition of Accounting Estimates

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments marked with * is not applicable to the Group.

A2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

A3. Seasonal or Cyclicality of Operations

Except for the hotel division whose performance is influenced by the festive and holiday periods, the other businesses of the Group are generally not subject to seasonal or cyclical fluctuations.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

Apart from the COVID-19 impacts as disclosed in Part B Explanatory Notes, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter.

A5. Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current financial quarter.

A6. Changes in Debt And Equity Securities

As at 30 June 2021, the Company has repurchased a total of 3,551,500 of its issued ordinary shares from the open market at an average cost of RM1.72 per share and these shares were retained as treasury shares in accordance with Section 127 of Companies Act, 2016.

Other than the above, there were no other issuance, cancellation, resale or repayments of debts and equity securities for the financial quarter ended 30 June 2021.

A7. Dividend Paid

There was no dividend paid during the current financial quarter.

A8. Segment Information

Segment analysis for the period ended 30 June 2021 and 2020 are set out below:

	Revenue		Profit/(Loss) Before Tax	
	6 months ended 30.06.2021	6 months ended 30.06.2020	6 months ended 30.06.2021	6 months ended 30.06.2020
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	275,050	121,631	109,923	29,044
Hospitality	165,412	94,822	(3,219)	(27,898)
Investment and others	44,735	36,000	(10,137)	(14,346)
	485,197	252,453	96,567	(13,200)
Finance costs	-	-	(33,276)	(35,365)
Share of results of associates/joint ventures	-	-	5,865	(15,909)
	485,197	252,453	69,156	(64,474)

	Total Assets		Total Liabilities	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Property	2,451,435	2,432,731	807,717	852,047
Hospitality	1,325,160	1,267,393	441,204	440,669
Investment and others	3,176,746	3,186,380	3,037,864	3,039,812
	6,953,341	6,886,504	4,286,785	4,332,528
Adjustment and eliminations	(1,543,627)	(1,519,935)	(1,992,474)	(1,963,743)
	5,409,714	5,366,569	2,294,311	2,368,785

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets ^	
	30.06.2021	30.06.2020	30.06.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Australia	471,953	244,403	2,459,434	2,304,205
Malaysia	7,702	5,098	391,442	389,618
New Zealand	5,542	2,952	248,239	249,054
	485,197	252,453	3,099,115	2,942,877

^Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, investment properties, goodwill and inventories.

A9. Related Party Disclosures

Below are the significant related party transactions, which were carried out on terms and conditions negotiated amongst the related parties:

	2nd Quarter Ended		6 Months Ended	
	30.06.2021	**30.06.2020**	**30.06.2021**	**30.06.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
A. Associates				
Director fees received	55	48	110	98
B. Other related parties				
Companies related to directors				
- Administration fee	225	-	327	-
- Interest expenses	663	-	1,568	-
- Rendering of services	-	-	-	2,913
- Rental expense	171	202	350	360
- Share service income	119	107	237	217
Companies related to a person connected to a director				
- Rendering of services	-	-	-	1,459
- Rental income	32	95	145	188

These transactions have been entered into in the normal course of business and established under negotiated terms.

A10. Valuation Of Property, Plant And Equipment

The carrying value of the property, plant and equipment is stated at cost less depreciation and impairment losses.

A11. Capital Commitments

Capital commitments for the purchase of property, plant and equipment as at 30 June 2021 are as below:

	RM'000
(a) Approved and contracted for	209,529
(b) Approved but not contracted for	82,772

A12. Material Events Subsequent To The Reporting Date

There were no material events subsequent to 30 June 2021 that the Directors believe warrant disclosure.

A13. Changes in The Composition Of the Group

There were no changes in the composition of the Group during the current financial quarter.

A14. Changes in Contingent Liabilities or Contingent Assets

As part of the disposal contract of an industrial warehouse, the Group remains entitled to receive future compensation payable to the purchaser from the local roads authority for acquisition of a portion of the disposed land for road expansion. The affected land is an undeveloped portion of the site. The compensation is considered probable as the authority has developed detailed plans for the site but has not yet committed to a timeline for implementation. The amount of compensation is subject to negotiation and review, but the best estimate of the contingent assets is AUD1.50 million equivalent to RM4.68 million as at 30 June 2021.

Other than the above, there were no other significant contingent assets and liabilities as at the date of this report.

PART B

Explanatory Notes Pursuant to paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance

(i) Profit or Loss Analysis

	INDIVIDUAL PERIOD		CHANGES		CUMULATIVE PERIOD		CHANGES	
	CURRENT QUARTER ENDED 30.06.2021	COMPARATIVE QUARTER ENDED 30.06.2020			6 MONTHS ENDED 30.06.2021	6 MONTHS ENDED 30.06.2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	**261,687**	91,024	170,663	>100%	**485,197**	252,453	232,744	92%
Profit/(Loss) from operations	**55,606**	(18,997)	74,603	>100%	**96,567**	(13,200)	109,767	>100%
Profit/(Loss) before interest and tax	**55,677**	(28,890)	84,567	>100%	**102,432**	(29,109)	131,541	>100%
Profit/(Loss) before tax	**39,112**	(46,239)	85,351	>100%	**69,156**	(64,474)	133,630	>100%
Profit/(Loss) after tax	**31,020**	(36,800)	67,820	>100%	**56,627**	(47,167)	103,794	>100%
Profit/(Loss) attributable to:								
Owners of the Company	**30,897**	(37,064)	67,961	>100%	**56,551**	(47,713)	104,264	>100%

(a) Current Year Quarter vs. Previous Year Corresponding Quarter

The Group reported revenue of RM261.69 million and pre-tax profit of RM39.11 million for the current quarter ended 30 June 2021 as compared to revenue of RM91.02 million and pre-tax loss of RM46.24 million in the previous year's corresponding quarter. The increase in the Group's revenue by RM170.66 million and pre-tax profit by RM85.35 million was attributed to the property, hospitality and investment divisions.

The property division recorded revenue of RM137.76 million and pre-tax profit of RM57.69 million for the current quarter ended 30 June 2021 as compared to revenue of RM65.40 million and pre-tax profit of RM17.58 million in the previous year's corresponding quarter. The better performance was mainly due to higher settlements from the Sanctuary Cove and Mulpha Norwest developments in Australia and the Leisure Farm development in Malaysia.

The hospitality division registered revenue of RM96.11 million and pre-tax profit of RM3.59 million for the current quarter ended 30 June 2021 as compared to revenue of RM12.79 million and pre-tax loss of RM21.49 million in the previous year's corresponding quarter. The underperformance of the previous year's corresponding quarter was mainly due to the temporary closure of both InterContinental Hayman Island and InterContinental Sanctuary Cove since late March 2020 caused by the COVID-19 outbreak. Since the reopening of both hotels in Q3 2020, they have delivered relatively strong results as evidenced in the increased occupancy rates and higher room rates boosted by the strong domestic leisure travellers.

The investment and other activities division recorded a pre-tax loss of RM5.67 million for the current quarter ended 30 June 2021 as compared to a pre-tax loss of RM15.09 million in the previous year's corresponding quarter. The Group's better performance was mainly due to higher demand in wedding events and previous year's cancelled event, the Sanctuary Cove International Boat Show event was held in the current quarter.

B1. Review of performance (Cont'd)

(i) Profit or Loss Analysis (Cont'd)

(b) Current Year-to-date vs. Previous Year-to-date

The Group reported revenue of RM485.20 million and pre-tax profit of RM69.16 million for the 6 months period ended 30 June 2021 as compared to revenue of RM252.45 million and pre-tax loss of RM64.47 million in the previous year's corresponding period. The stronger performance in the Group's revenue by 92% and recorded a higher pre-tax profit by RM133.63 million was attributed to the property, hospitality and investment divisions.

The property division registered revenue of RM275.05 million and pre-tax profit of RM109.92 million for the 6 months period ended 30 June 2021 as compared to revenue of RM121.63 million and pre-tax profit of RM29.04 million in the previous year's corresponding period. The stronger performance was mainly due to higher settlements from the Sanctuary Cove and Mulpha Norwest developments in Australia and the Leisure Farm development in Malaysia.

The hospitality division reported revenue of RM165.41 million and pre-tax loss of RM3.22 million for the 6 months period ended 30 June 2021 as compared to revenue of RM94.82 million and pre-tax loss of RM27.90 million in the previous year's corresponding period. The better performance was mainly attributed to the stronger domestic leisure travels compare with the previous year's results which were mainly impacted by the temporary closure of hotels due to COVID-19 outbreak.

The investment and other activities division recorded pre-tax loss of RM10.14 million for the 6 months period ended 30 June 2021 as compared to pre-tax loss of RM14.35 million in the previous year's corresponding period was mainly due to higher demand in wedding events and previous year's cancelled event, the Sanctuary Cove International Boat Show event was held in the current period.

(ii) Financial Position Analysis

Total Assets	AS AT 30.06.2021 RM'000	AS AT 31.12.2020 RM'000
Property, plant and equipment	**1,522,073**	1,123,445
Right-of-use assets	**13,958**	14,269
Inventories	**1,392,452**	1,409,476
Investment in associates	**132,072**	119,043
Investment properties	**893,080**	1,199,693
Investment securities	**815,362**	736,984
Cash and cash equivalents	**222,530**	296,566
Trade and other receivables	**283,241**	275,078
Assets classified as held for sale	**-**	79,839
Others	**134,946**	112,176
Total	**5,409,714**	5,366,569

The Group's assets increased by 1% to RM5.41 billion as at 30 June 2021 mainly attributable to the increase in property, plant and equipment ("PPE"), investment in securities and partially offset by decrease in investment properties, assets classified as held for sale and cash and cash equivalents.

B1. Review of performance (Cont'd)

(ii) Financial Position Analysis (Cont'd)

The increase of PPE was mainly due to the transfer of a commercial office in Sydney namely Transport House from investment property to PPE amounting to RM318.98 million. The reclassification was due to the Group now occupying a significant area of the property for its own administrative use, thereby requiring the re-classifications for financial reporting purposes. In addition, the ongoing refurbishment of InterContinental Sydney further increased the PPE carrying amount. The increase in investment in securities was mainly due to fair value gain in Group's 15.5% effective interest in Hydra RL TopCo Pty. Ltd. which indirectly owns all the stapled securities in AVEO Group.

The decrease in investment properties is as explained above and the sale of asset held for sale, Lexington Drive warehouse was completed in February 2021. The repayment of loans and borrowings and purchase of treasury shares resulted the reduction in cash and cash equivalent.

Total Liabilities	**AS AT 30.06.2021 RM'000**	**AS AT 31.12.2020 RM'000**
Loans and Borrowings	**1,907,196**	1,975,173
Others	**387,115**	393,612
Total	**2,294,311**	2,368,785

The Group's total liabilities decreased by 3% to RM2.29 billion as at 30 June 2021, mainly attributable to repayment of loan and borrowings and tax liabilities paid during the period.

Total Equity attributable to Owners of the Company	**AS AT 30.06.2021 RM'000**	**AS AT 31.12.2020 RM'000**
Share capital	**2,036,698**	2,036,698
Reserves	**192,615**	127,417
Retained earnings	**867,459**	810,908
Total	**3,090,646**	2,975,023

The Group's total equity increased by 4% to RM3.09 billion as at 30 June 2021 mainly attributable to the increase in foreign exchange reserves arising from the translation gain of foreign subsidiaries and profit recognised for the period amounting to RM56.55 million.

B2. Comparisons With Preceding Quarter's Results

	CURRENT QUARTER ENDED 30.06.2021	PRECEDING QUARTER ENDED 31.03.2021	CHANGES	
	RM'000	RM'000	RM'000	%
Revenue	**261,687**	223,510	38,177	17%
Profit from operations	**55,606**	40,961	14,645	36%
Profit before interest and tax	**55,677**	46,755	8,922	19%
Profit before tax	**39,112**	30,044	9,068	30%
Profit after tax	**31,020**	25,607	5,413	21%
Profit attributable to:				
owners of the Company	**30,897**	25,654	5,243	20%

The Group recorded revenue of RM261.69 million and pre-tax profit of RM39.11 million for the 2nd quarter of 2021 compared with revenue of RM223.51 million and pre-tax profit of RM30.04 million for the 1st quarter of 2021. The better performance was mainly due to higher pre-tax profits from the hospitality and property divisions by RM10.39 million and RM5.45 million respectively, offset by lower share of associated profit by RM5.91 million and pre-tax loss from the investment division by RM1.20 million.

The property division recorded revenue of RM137.76 million and pre-tax profit of RM57.69 million for the 2nd quarter of 2021 compared with revenue of RM137.29 million and pre-tax profit of RM52.24 million for the 1st quarter of 2021. The slight increase in revenue and the pre-tax profit was due to settlements of higher value lots in Sanctuary Cove development.

The hospitality division recorded revenue of RM96.11 million and pre-tax profit of RM3.59 million for the 2nd quarter 2021 compared with revenue of RM69.31 million and pre-tax loss of RM6.81 million for the 1st quarter of 2021. The better performance was mainly due to stronger domestic leisure travels in Australia in the current quarter.

The investment and others division recorded pre-tax loss of RM5.67 million for the 2nd quarter 2021, which was an unfavourable change as compared to the pre-tax loss of RM4.47 million for the 1st quarter of 2021, mainly due to increased in headcounts and guest golf rounds written off. This was offset by improved performance in events planning business in the current quarter.

B3. Prospects

The second quarter saw a continuation of positive trading at both InterContinental Hayman Island and InterContinental Sanctuary Cove following travel disruptions earlier in the year. These positive trends reflected strong demand from domestic leisure travellers and a recovery in group business. The trading recovery at InterContinental Sydney has proven to be much slower given the property has traditionally been more reliant on corporate travellers and international travellers. Unfortunately an outbreak of the Covid Delta strain in Sydney saw the imposition of lockdowns and the closure of Queensland borders in the final week of June. These Sydney restrictions have subsequently been followed by lockdowns in Brisbane and Melbourne which have seen our Queensland properties experience a significant slowdown in July.

B3. Prospects (Cont'd)

Refurbishment of the InterContinental Sydney has remained on program until recent lockdown restrictions. The refurbishment includes a full upgrade of all rooms, restaurants, bars and public areas. Following the imposition of lockdowns, construction was prohibited for two weeks in July and has recently recommenced with constraints on the numbers of workers on site. In order to minimise time delays the decision has been made to commence public areas ahead of program while the Hotel remains closed. Completion of the works will assist the hotel to secure a strong market share of business when the market returns to more normalised trading from the second half of 2022.

Sydney real estate market conditions have remained positive although lower sales volumes are being recorded due to the disruption caused by lockdown restrictions. There is however limited available stock remaining in Sydney projects with the Mulgoa Rise project now sold out, only a small number of remaining apartments at the Haven project and the last three stages of Essentia townhouses yet to be placed on the market. At Sanctuary Cove, stronger sales momentum has continued into the second quarter particularly in land sales. The Group anticipates that this trend of increased domestic interest will strengthen when borders open to southern Australian buyers. The first waterfront apartment building, Harbour One, consisting of 47 apartments has been released to the market with strong initial interest from local residents.

A development application has also been lodged for the first two apartment towers in the Greens precinct, now named Norwest Quarter and construction has commenced on The Bond, a six-storey commercial office and medical building adjacent to the Norwest Private Hospital. All development approvals have been received for Swing City, our planned Golf Entertainment facility at Norwest and construction is planned to commence late in the third quarter to enable an opening in mid-2022. In recent months the development industry has faced significant construction price increases due to a shortage of labour and materials across most Australian markets. These influences are being closely monitored by the development team and where possible the Group is entering building contracts that limit future cost increases.

The Leisure Farm project in Iskandar Malaysia continues to experience lower sales volumes and increased competition. The Group anticipates tough market conditions will continue for some years as a result of significant over-supply in the Johor region.

As recently announced the Group has finalised a sale of our interest in Education Perfect with settlement conditional upon the New Zealand Government OIO approval which is expected in the third quarter. Proceeds will be used to reduce debt and invest in new business opportunities. At the Hotel School, there will be lower new international enrolments moving forward while international border restrictions remain in place. These restrictions are likely to materially reduce earnings in the short to medium term.

Commercial real estate investment properties have continued in their strong recovery with the relaxation of COVID-19 restrictions in the second quarter. In particular tenants at Sanctuary Cove Marine Village have consistently recorded retail sales above pre-COVID levels particularly in the Food and Beverage category. At Norwest Marketown Shopping Centre, tenants have also seen a recovery which has been boosted by a return for many office workers in the adjacent town centre. Similarly, Brimbank Shopping Centre has seen a recovery in traffic and turnover levels albeit not fully to pre-COVID levels. Unfortunately lockdown restrictions late in the second quarter have required the closure of many tenants who offer non-essential services. It is anticipated that lockdown restrictions in Sydney will continue throughout the majority of the third quarter.

B3. Prospects (Cont'd)

The Group has recently taken over a car wash operation at Norwest which is trading in-line with expectations. The Group anticipates that this initiative may open further opportunities to expand locations. Trading at Bimbadgen Wine Estate has been assisted by the growth in domestic tourism and the success of our Palmers Land wedding venue. To take advantage of this success the Group intends to construct a boutique resort comprising of 60 rooms to capture demand from wedding guests. Construction of this resort is planned to commence towards the end of the third quarter.

The Group is actively looking to build its funds management capability in order to secure attractive real estate investments with third party capital support. The Group also continues to explore opportunities to expand its interests in operating businesses particularly where the Group has established operational capability.

B4. Variance from Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

B5. Profit/(Loss) Before Tax

	2nd Quarter Ended		6 Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Amortisation on other non-current assets	816	826	1,627	1,629
Bad debts written off	-	-	-	2
Change in fair value of investment properties	259	265	529	536
Dividend income	-	(13)	-	(25)
Fair value gain on assets classified as held for sale	(4)	-	(1,001)	-
Fair value (gain)/loss on financial assets at fair value through profit or loss	(828)	(303)	(1,525)	1,069
Impairment loss on trade and other receivables	619	2,046	729	2,112
Interest income	(6,562)	(6,303)	(13,052)	(12,589)
Interest expense	16,565	17,349	33,276	35,365
Inventories written down	(92)	1	78	21
Investment properties written off	-	-	-	48
Net foreign exchange loss/(gain)	266	5,748	(1,449)	(1,453)
Property, plant and equipment:				
- Depreciation	14,682	15,162	28,572	29,867
- Loss on disposal	34	-	34	-
- Written off	-	62	-	62
Provision for staff benefits	7,248	4,077	13,067	10,465
Right-of-use assets:				
- Depreciation	875	907	1,762	1,771
- Gain on disposal	(26)	-	(26)	-
Reversal provision for repairs	-	(6)	-	(15)
Rental income	(4,563)	(3,770)	(8,534)	(7,422)

B6. Tax expense/(benefit)

	2nd Quarter Ended		6 Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Current tax (benefit)/expense				
Malaysian - current year	568	760	1,136	1,518
Malaysian - prior year	-	-	35	-
Overseas - current year	(38)	(722)	(1,256)	(1,005)
Overseas - prior year	(603)	11	(436)	(1,270)
	(73)	49	(521)	(757)
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	8,165	(9,488)	13,205	(16,550)
Underprovision in prior year	-	-	(155)	-
	8,165	(9,488)	13,050	(16,550)
Tax expense/(benefit)	8,092	(9,439)	12,529	(17,307)

The effective tax rate of the Group for the period ended 30 June 2021 under review is lower than the statutory rate of 24% was mainly due to certain income not subject to tax and utilisation of brought forward tax losses.

B7. Status of Corporate Proposals

The Company had on 22 June 2021 announced that Mulpha Credit Sdn Bhd (“MCSB”), an indirect wholly-owned subsidiary of the Company, which owns 37.81% in Education Perfect Group Limited (“EPGL”), a New Zealand company involved in the online education sector, has entered into a transaction to dispose of its entire equity interest in EPGL for a sale consideration sum to be received by MCSB totalling NZD162.85 million or equivalent to approximately RM470.55 million ("Proposed Disposal"). This sale consideration includes an amount of NZD6.67 million or equivalent to approximately RM19.27 million, which is conditional upon full year 2022 financial targets of EPGL being met. The Proposed Disposal is conditional upon the approval of the Overseas Investment Office in New Zealand. Upon completion of the sale, EPGL shall cease to be an associated company of MCSB.

B8. Group Loans and Borrowings

The details of the loans and borrowings as at 30 June 2021 are as follows:-

	As at 2nd Quarter Ended 2021											
	Long term				Short term				Total borrowings			
	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000	Currency	Foreign denomination '000	Exch Rate	RM'000
Secured												
Overdraft	RM			-	RM			1,831	RM			1,831
Revolving Credit/Loan	RM			-	RM			108,000	RM			108,000
Revolving Credit/Loan	AUD	56,000	3.12	174,720	AUD	19,700	3.12	61,464	AUD	75,700	3.12	236,184
Revolving Credit/Loan	USD	-	4.15	-	USD	12,287	4.15	50,991	USD	12,287	4.15	50,991
Term Loan	RM			25,979	RM			6,945	RM			32,924
Term Loan	HKD	-	0.53	-	HKD	66,929	0.53	35,799	HKD	66,929	0.53	35,799
Term Loan	USD	12,501	4.15	51,879	USD	2,150	4.15	8,923	USD	14,651	4.15	60,802
Term Loan	AUD	187,475	3.12	584,923	AUD	97,000	3.12	302,639	AUD	284,475	3.12	887,562
Term Loan	NZD	-	2.90	-	NZD	39,438	2.90	114,369	NZD	39,438	2.90	114,369
Finance Lease	AUD	2,770	3.12	8,643	AUD	-	3.12	-	AUD	2,770	3.12	8,643
Bonds	AUD	23,665	3.12	73,835	AUD	1,845	3.12	5,756	AUD	25,510	3.12	79,591
Bonds	USD	-	4.15	-	USD	70,000	4.15	290,500	USD	70,000	4.15	290,500
				919,979				987,217				1,907,196

B8. Group Loans and Borrowings (Cont'd)

The details of the loans and borrowings as at 30 June 2020 are as follows:-

	As at 2nd Quarter Ended 2020											
	Long term				**Short term**				**Total borrowings**			
	Currency	**Foreign denomination '000**	**Exch Rate**	**RM'000**	**Currency**	**Foreign denomination '000**	**Exch Rate**	**RM'000**	**Currency**	**Foreign denomination '000**	**Exch Rate**	**RM'000**
Secured												
Overdraft	RM			-	RM			5,497	RM			5,497
Revolving Credit/Loan	RM			-	RM			108,000	RM			108,000
Revolving Credit/Loan	AUD	30,000	2.94	88,200	AUD	105,000	2.94	308,700	AUD	135,000	2.94	396,900
Term Loan	RM			24,440	RM			8,794	RM			33,234
Term Loan	HKD	-	0.55	-	HKD	170,760	0.55	94,413	HKD	170,760	0.55	94,413
Term Loan	USD	14,653	4.28	62,713	USD	14,686	4.28	62,855	USD	29,339	4.28	125,568
Term Loan	AUD	83,000	2.94	244,020	AUD	166,420	2.94	489,274	AUD	249,420	2.94	733,294
Term Loan	NZD	38,755	2.75	106,575	NZD	-	2.75	-	AUD	38,755	2.75	106,575
Finance Lease	AUD	2,770	2.94	8,144	AUD	-	2.94	-	AUD	2,770	2.94	8,144
Bonds	AUD	26,450	2.94	77,763	AUD	1,705	2.94	5,012	AUD	28,155	2.94	82,775
Bonds	USD	-	4.28	-	USD	70,000	4.28	299,600	USD	70,000	4.28	299,600
				611,855				1,382,145				1,994,000
Unsecured												
Term loan	AUD	-	2.94	-	AUD	861	2.94	2,533	AUD	861	2.94	2,533
				-				2,533				2,533
				611,855				1,384,678				1,996,533

B9. Material Litigation

In September 2012, the Company disposed of the entire equity interest in its wholly-owned subsidiary, Bestari Sepang Sdn Bhd ("Bestari") for a cash consideration of RM1.0 million to Mula Holdings Sdn Bhd ("Mula"). As part of this transaction, the Company also entered into a Settlement Agreement with Mula whereby Mula shall pay a settlement sum ("Settlement Sum") of RM104.0 million on or before 15 December 2012, as full and final settlement of the advances that the Company had previously made to Bestari and its subsidiaries, Spanstead Sdn Bhd ("Spanstead") and Seri Ehsan (Sepang) Sdn Bhd ("Seri Ehsan"), failing which, additional payments will apply until the final settlement date of 15 December 2013 ("final settlement date").

Mula failed to pay the Settlement Sum on the final settlement date. Accordingly, the Settlement Agreement automatically terminated and the Company's right to receive payment of the full amount of RM301,506,429 as at 30 June 2012 ("Full Outstanding Amount") that the Company had previously advanced to Bestari, Spanstead and Seri Ehsan (collectively "Bestari Group") was reinstated, the Full Outstanding Amount is secured by land titles belonging to Seri Ehsan ("the Land") and an irrevocable Power of Attorney to deal with the Land.

As Bestari Group failed to settle the Full Outstanding Amount, the Company filed a Writ of Summons and Statement of Claim against Mula and Bestari Group on 30 January 2015 claiming for, amongst others, a declaration that the Full Outstanding Amount of RM301,506,429 as at 30 June 2012 together with interest thereon is due and owing by Bestari Group.

Mula and Bestari Group then filed their Defence and Counterclaim on 9 February 2015. Thereafter, the Company filed its Reply and Defence to Counterclaim on 18 February 2015. The Trial commenced on 15 February 2016 until 1 August 2019 with a total of 17 days of trial. Both parties have closed their case on 1 August 2019 and thus ending the Trial. The parties have filed and exchanged their written submissions. Subsequently, the parties have completed the oral submissions on 24 February 2020 and 25 February 2020. The judgment was delivered on 17 July 2020, subject to any appeals and further legal proceedings. The judge found that Mula had breached the Settlement Agreement and that the said agreement was terminated on 15 December 2013. The Judge declared the amount due and payable to the Company to be RM301 million plus interest and held that the Power Attorney is valid. Further, the defendants are restrained from dealing with the Sepang Land. The Company was successful in defending the relevant counterclaim and the Judge dismissed Mula's counterclaim with costs. On 30 July 2020, Mula has filed a notice of appeal against the entire decision made by the High Court. Both parties are still pending the grounds of judgment to be issued by the Judge before the hearing dates can be set and confirmed by the Court of Appeal. A further annoucement will be made in due course.

B10. Dividend

The Board of Directors does not recommend any dividend for the financial period ended 30 June 2021.

B11. Earnings/(Loss) Per Share

(i) Basic earnings per share

The basic earnings per share of the Group has been computed by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period, excluding treasury shares held by the Company as set out below:

	6 Months Ended	
	30.06.2021	**30.06.2020**
Profit/(Loss) for the period, amount attributable to equity holders of the parent (RM'000)	56,551	(47,713)
Weighted average number of ordinary shares in issue ('000)	319,467	319,467
Effect of share buy back ('000)	(862)	-
Weighted average number of ordinary shares as at 30 June 2021 ('000)	318,605	319,467
Basic earnings/(loss) per share (sen)	17.75	(14.94)

(ii) Diluted earnings per share

The Group has no dilution in its earnings per share for the financial period under review as there are no dilutive potential ordinary shares.